APPENDIX M: ILLUSTRATION OF OPTION OF IDENTIFYING SIMULTANEOUS DEFICIENCY AND SHORTAGE

[Projections for pre-rule and post-rule accounts computed using aggregate analysis.]

[Servicer's name, address, and toll-free number.]

ANNUAL ESCROW ACCOUNT DISCLOSURE STATEMENT— PROJECTIONS FOR COMING YEAR

THIS IS AN ESTIMATE OF ACTIVITY IN YOUR ESCROW ACCOUNT DURING THE COMING YEAR BASED ON PAYMENTS ANTICIPATED TO BE MADE FROM YOUR ACCOUNT.

Month	Payments to Escrow Account	Payments from Escrow Account	Description	Escrow Account Balance
Starting bala	nce:			\$3.300
September	500	0		3,800
October	500	800	taxes	3,500
November	500	3,000	insurance	1,000
December	500	0		1,500
January	500	0 1		2,000
February	500	0		2,500
March	500	0		3,000
April	500	0		3,500
May	500	0		4,000
June	500	2,200	taxes	2,300
July	500	0		2,800
August	500	0		3,300

Your ending balance, from the last month of the account history, is (\$ 2,400). Your starting balance according to this analysis should be \$ 3,300 .

This means you have a deficiency of \$ 2.400 . This deficiency may be collected from you over a period of 2 months or more unless the deficiency is less than 1 month's deposit, in which case we have the additional option of requesting payment within 30 days. We will ask you to pay it over _ 2 _ months.

After considering the deficiency, you still have a remaining shortage of \$3.300. This shortage may be collected from you over a period of 12 months or more unless the shortage is less than 1 month's deposit, in which case we have the additional option of requesting payment within 30 days. We have decided to collect it over 12 months.

(PLEASE KEEP THIS STATEMENT FOR COMPARISON WITH THE ACTUAL ACTIVITY IN YOUR ACCOUNT AT THE END OF THE NEXT ESCROW ACCOUNTING COMPUTATION YEAR.)

YOUR MONTHLY MORTGAGE PAYMENT FOR THE FIRST 2 MONTHS OF THE COMING YEAR WILL BE \$ 3.099 OF WHICH \$ 1.124 WILL BE FOR PRINCIPAL AND INTEREST AND \$ 1.975 WILL GO INTO YOUR ESCROW ACCOUNT.

YOUR MONTHLY MORTGAGE PAYMENT FOR THE 3RD THROUGH THE 12TH MONTHS OF THE COMING YEAR WILL BE \$ 1.899 OF WHICH \$ 1.124 WILL BE FOR PRINCIPAL AND INTEREST AND \$ 775 WILL GO INTO YOUR ESCROW ACCOUNT.